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Memo

To: Sen. Martin Nesbitt

Date: 11/10/2009

Re: Mental Health Services

Continued deterioration of access to services: as the Department has yet to implement successor services for Community Support, larger, better run behavioral health providers continue the downsizing of their entities. Several hundred professional level staff have been terminated as these providers operate upon the assumption that services will end by 1/1/2010 with no defined replacements upon which they can sustain their business models.

Recommendations:

- Obtain tacit, though unofficial, approval from CMS for the new services/codes.
- Move forward with new services/codes without CMS approval.
- Retract the termination date for CS. Leave it open until 60 days post CMS approval of new services/codes.

Difficulty in starting/expanding enhanced mental services: present Department policy requires providers to have staff on salary prior to receiving endorsement for services. As endorsement is the beginning of the process, it is normally 4 to 6 months later before the provider can begin billing for the service. This "hiring before endorsement" policy results in significant capital costs. A new CST will require a capital outlay of $25 to $30,000; Day Treatment, $50 to $75,000; ACTT, $90 to $100,000. Present capital markets allow little ability to create or expand these enhanced services.

Recommendation:

- Change to a "hire before delivery" policy. This would result in providers carrying unbillable staff costs for only a couple of weeks versus the present situation of months. Accredited staff would need to be in place before the actual delivery of any services.

Lack of validation of billing codes by CMS: one key components of the Department's plan to replace CS skill building is the use of patient education CPT billing codes. The specific definitions of these billing codes requires education and training for patient self-management by a qualified, non-physician professional using a standardized curriculum, face-to-face with the patient. The problem with this solution: the codes are intended for the education of asthmatics and diabetics—not ongoing skill building for the mentally ill. Presently, no state is known to use these codes in this manner. Intelligent, cautious providers will not use the billing codes due to the risk of CMS disapproval.

Recommendation:

- Confirm CMS approval for use or some type of provider "Hold Harmless."

Questionable case management quality: the Department has not defined limits to the number of consumers that any one case manager can assist. Provider finances will benefit from high case loads. But consumers benefit from low case load ratios.

Recommendation:

- Mandate maximum caseloads for mental health case managers.

Questionable mental health case management rate: the Department's plan to cover the higher cost of its Comprehensive Mental Health Provider requirements by assigning these higher costs to the rate paid for case management carries significant risks for providers. Assigning provider-wide costs to a single service is contrary to the standard practice of spreading in-direct costs (such as various administrative costs) across the multiple services delivered by a provider. If CMS should later disallow the this rate structure, providers will be saddled with the high costs of comprehensive provider status but without a means of recovering the costs.

Recommendation:

- Confirm CMS approval of the exclusive allocation of comprehensive provider costs to the single case management rate.
- Allocate comprehensive provider costs across agency services